

GRAIN PRICE OUTLOOK
PLUS
FARM POLICY PROPOSALS

by

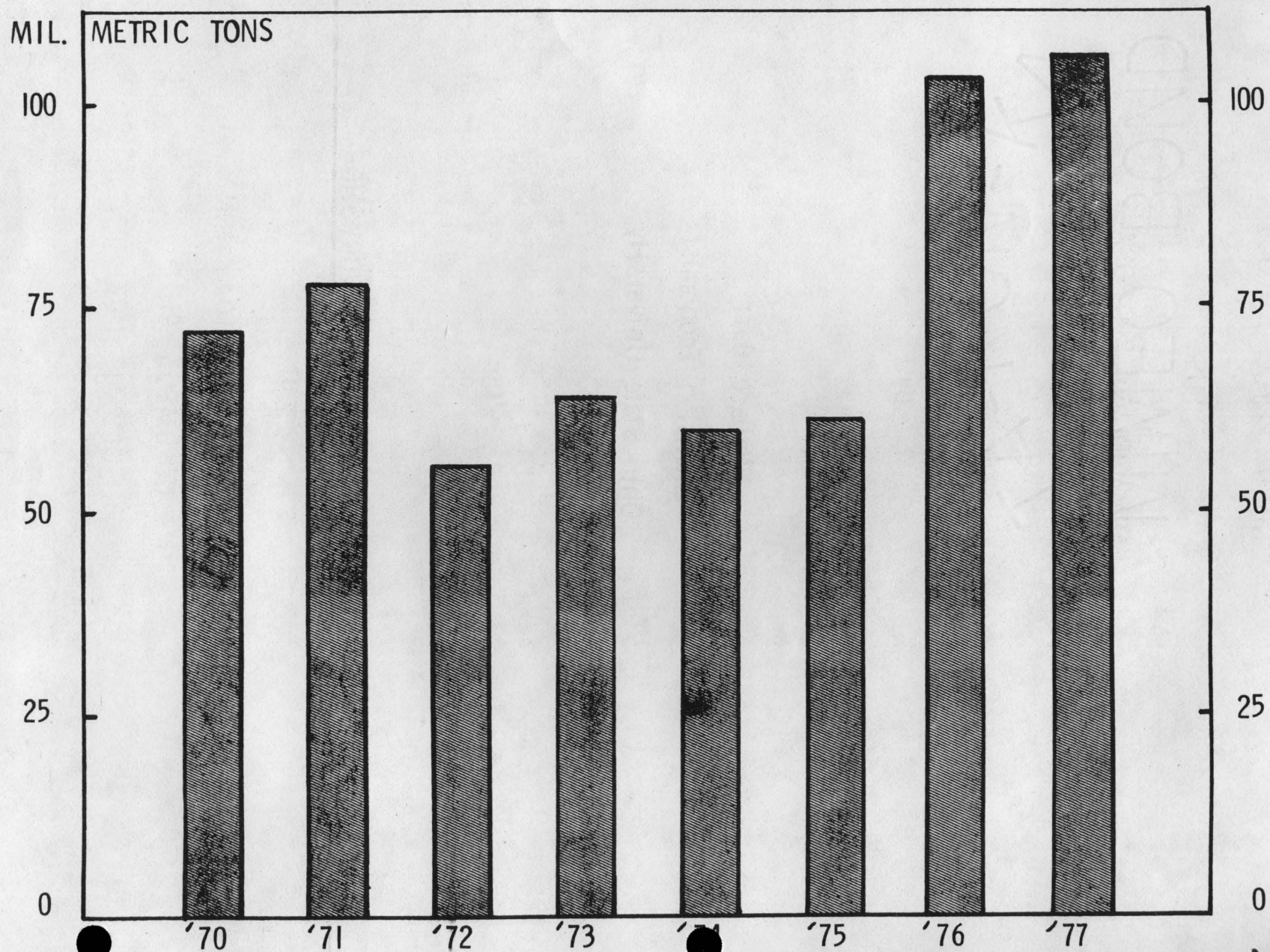
Wallace Barr
Extension Economist
Ohio State University

for

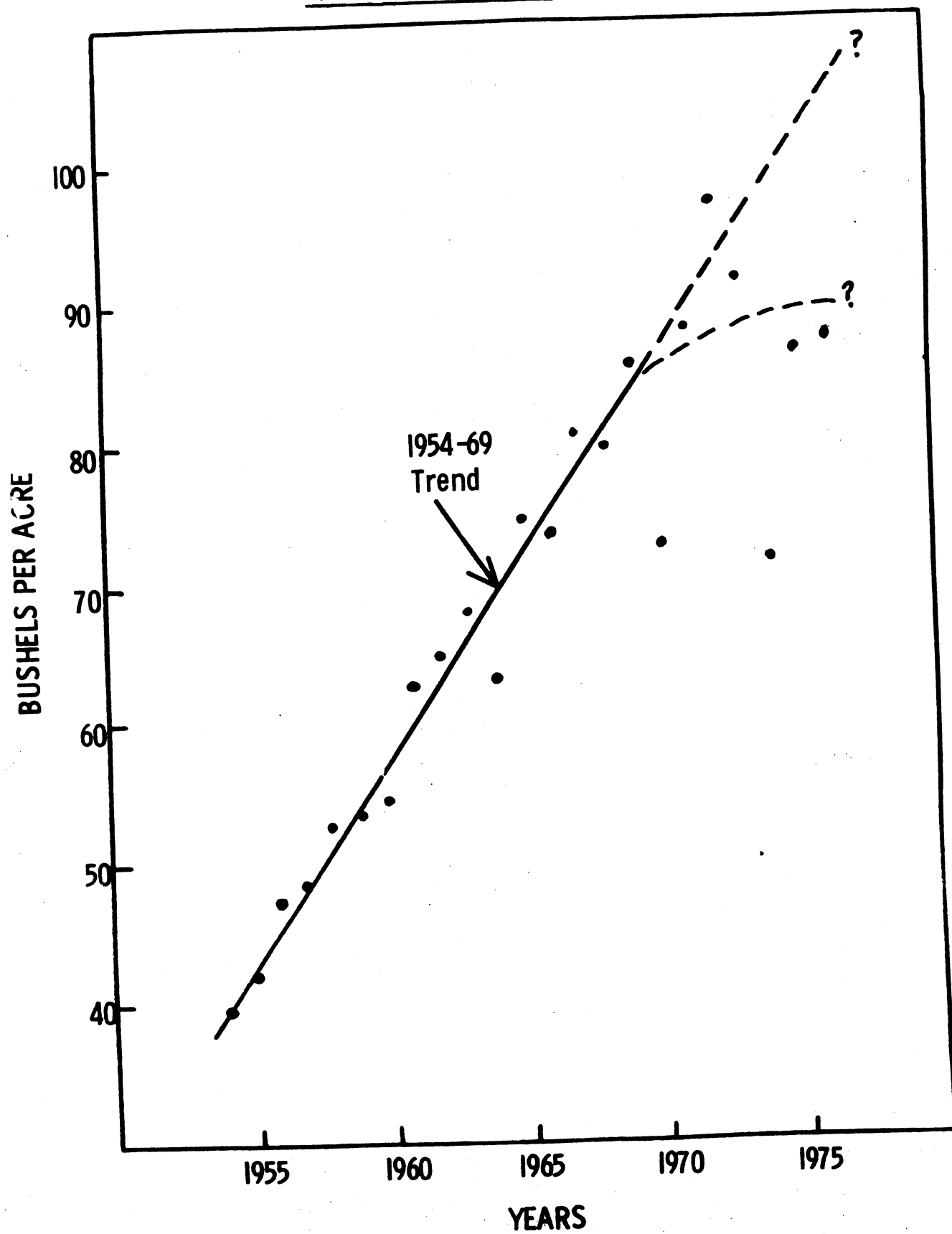
CROP MANAGEMENT WORKSHOP
at

UNIVERSITY HOLIDAY INN
COLUMBUS, OHIO
JULY 11, 1977

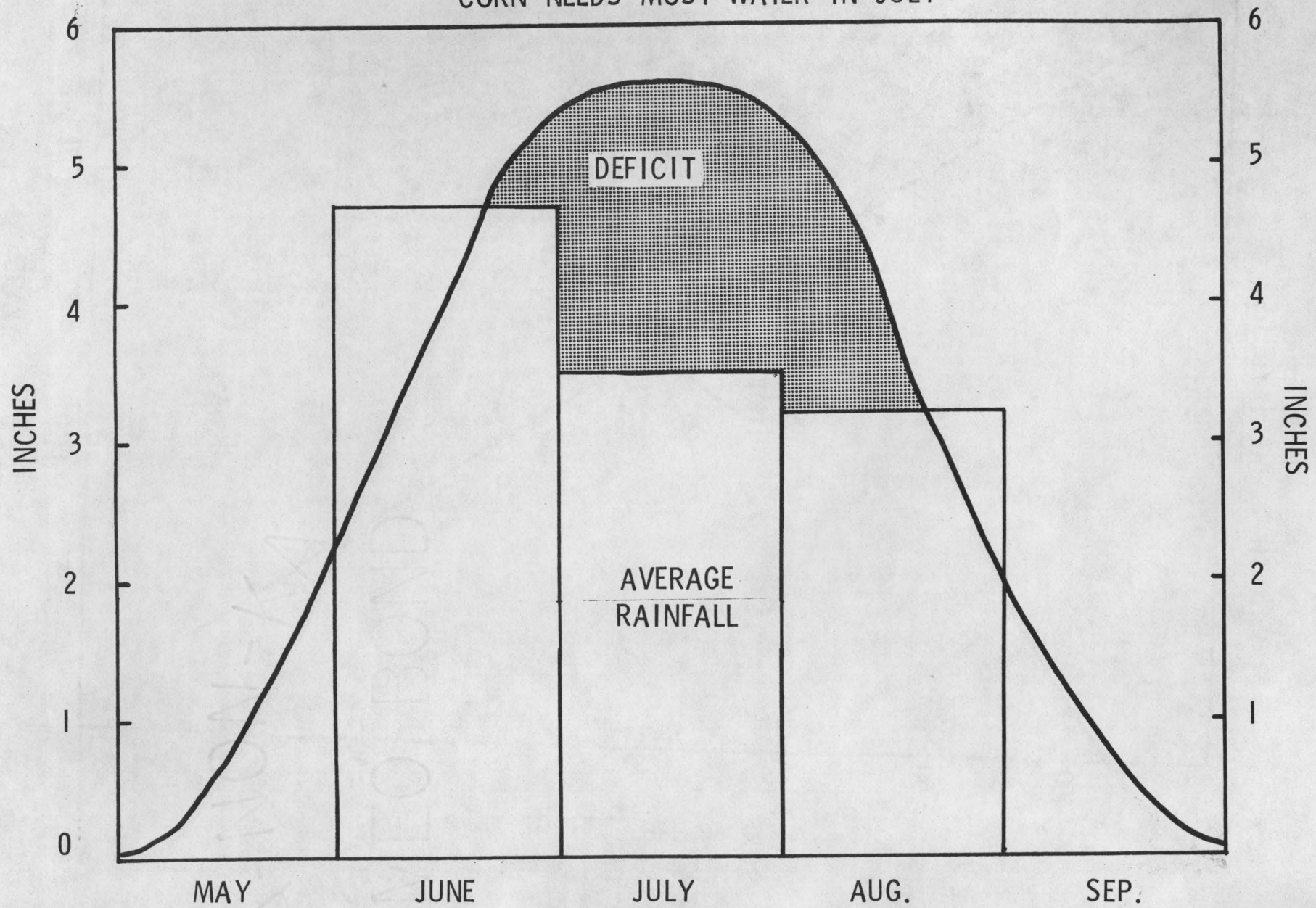
WORLD WHEAT CARRYOVER: WHY EXPORTS SAGGED



U.S. CORN YIELDS



CORN NEEDS MOST WATER IN JULY



FACTORS IN CORN USAGE

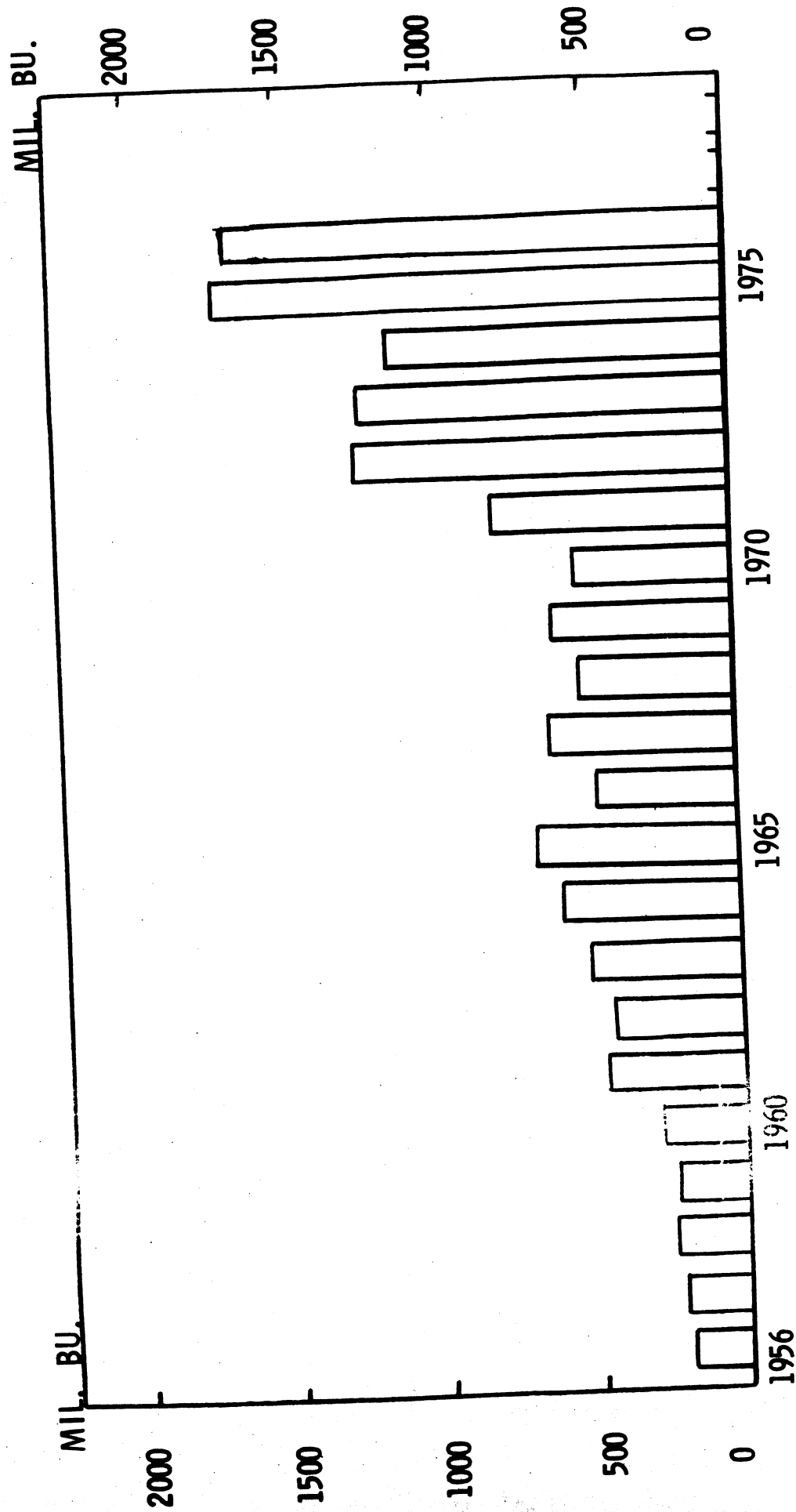
HIGHER USE

1. INCREASED OUTPUT OF LIVESTOCK - POULTRY
2. SHARPLY HIGHER PROTEIN PRICES
3. REDUCED OATS - BARLEY FEEDING
4. SHORT HAY - PASTURE SUPPLIES
5. COLD WINTER & ENERGY NEEDS

REDUCED USE

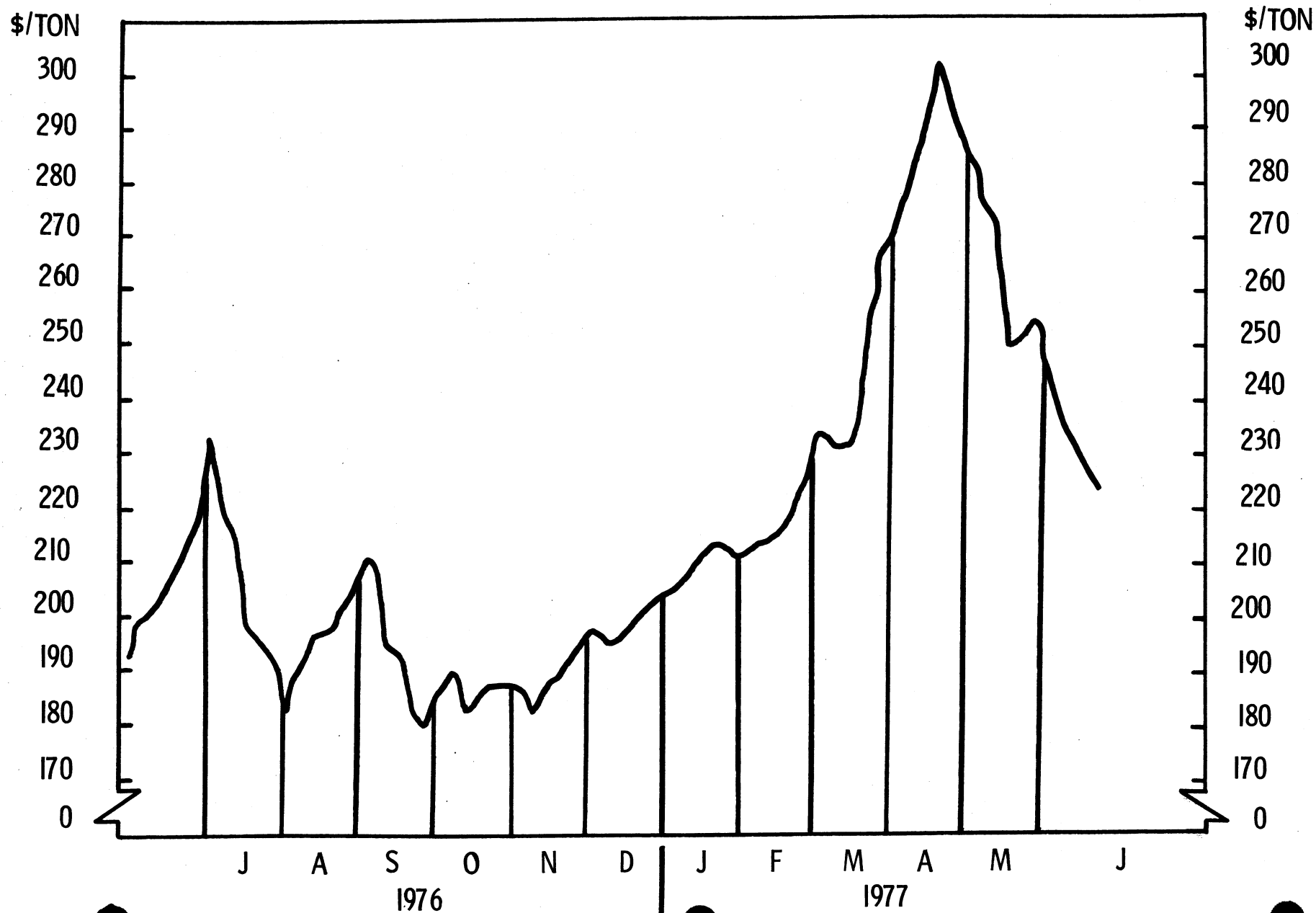
1. LIGHTER HOG SLAUGHTER WEIGHTS
2. HIGHER QUALITY CORN
3. MORE SILAGE
4. SHORTER FEEDING PERIOD FOR CATTLE

U.S. CORN EXPORTS



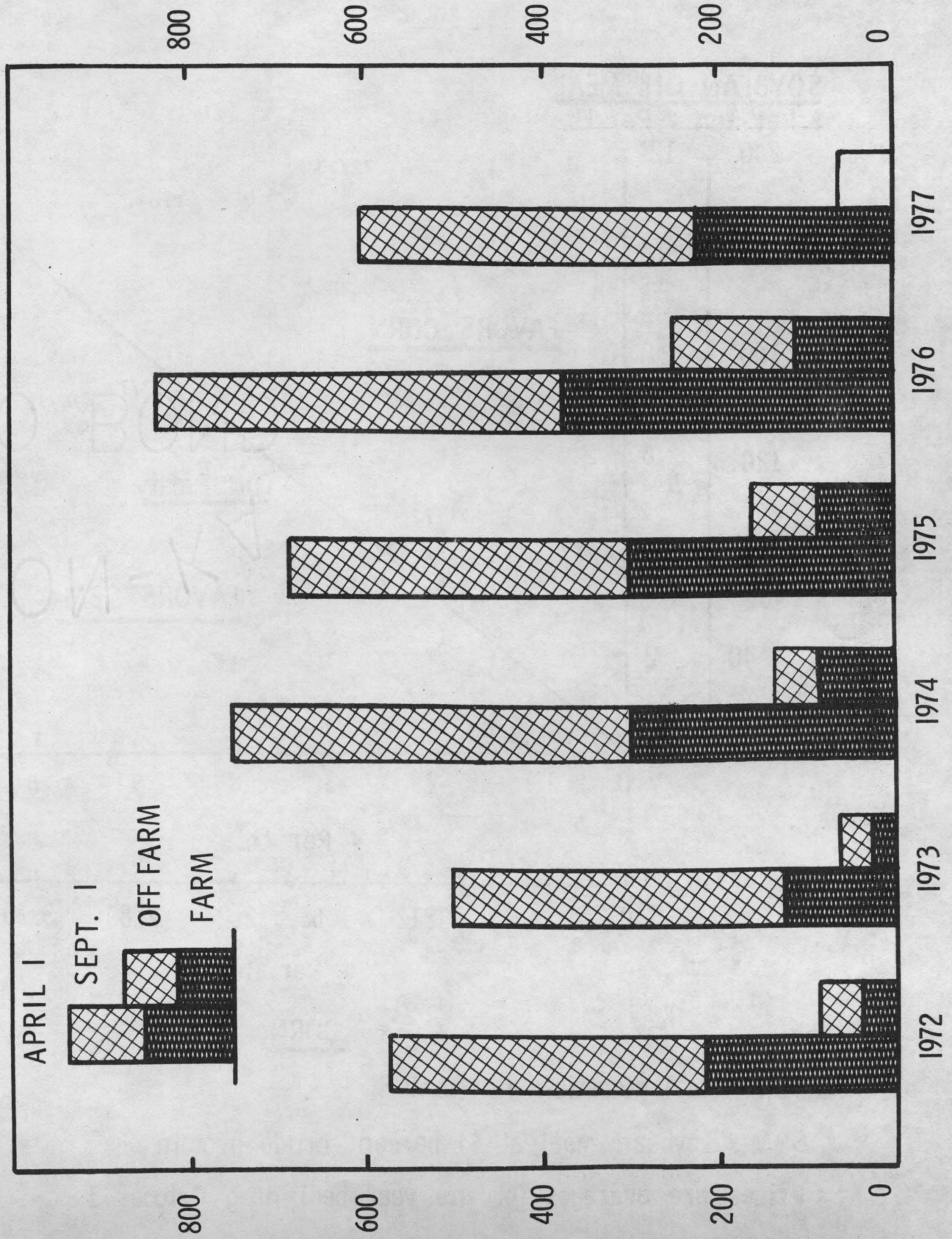
Year Beginning October 1

SBOM PRICES HAVE PEAKED OUT



SOYBEAN STOCKS WILL DROP TO 1973 LEVEL

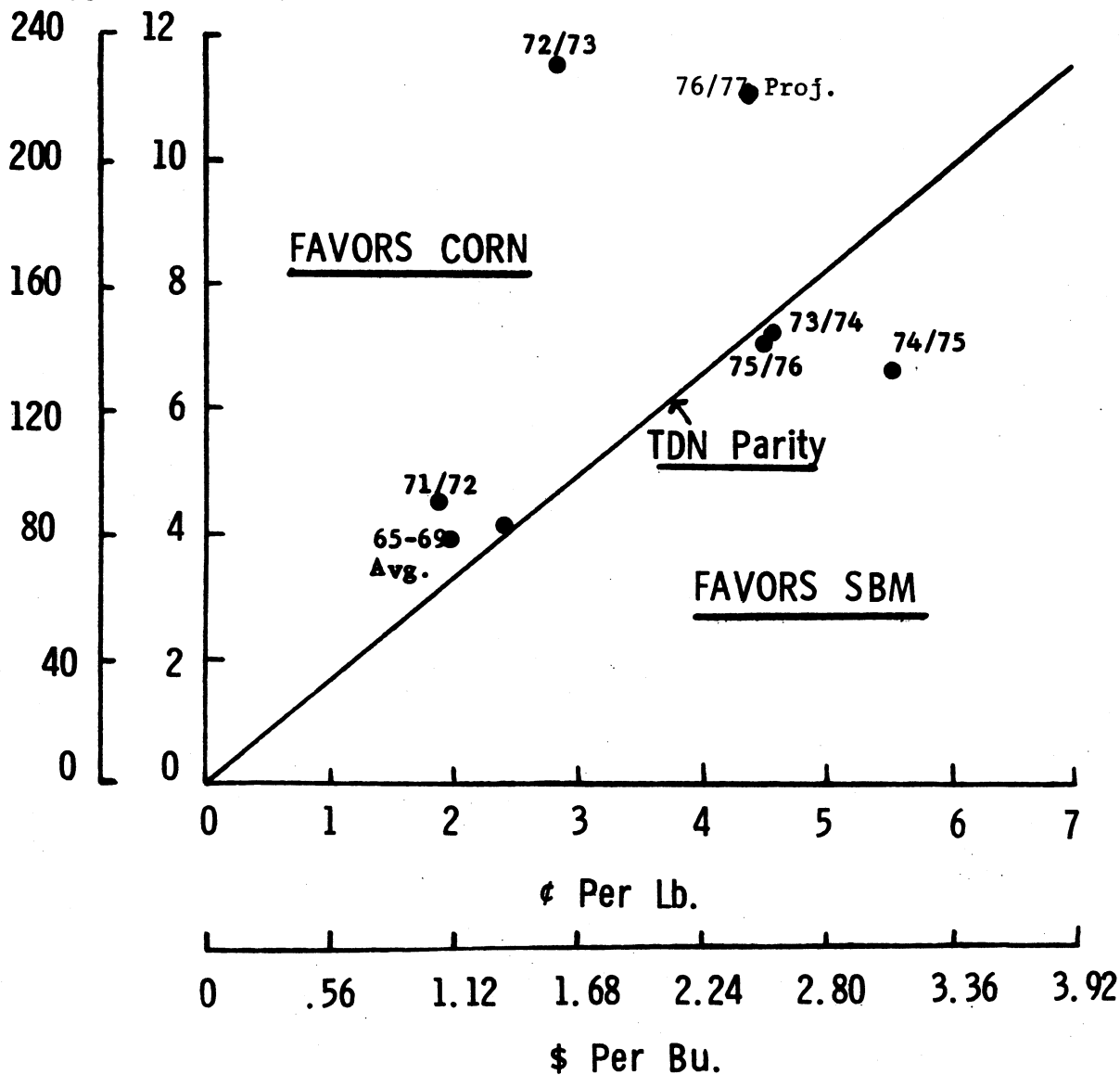
MIL. BU.



CORN AND SBM PRICE COMPARISON WITH TDN PARITY *

SOYBEAN OIL MEAL

\$ Per Ton ¢ Per Lb.



CORN

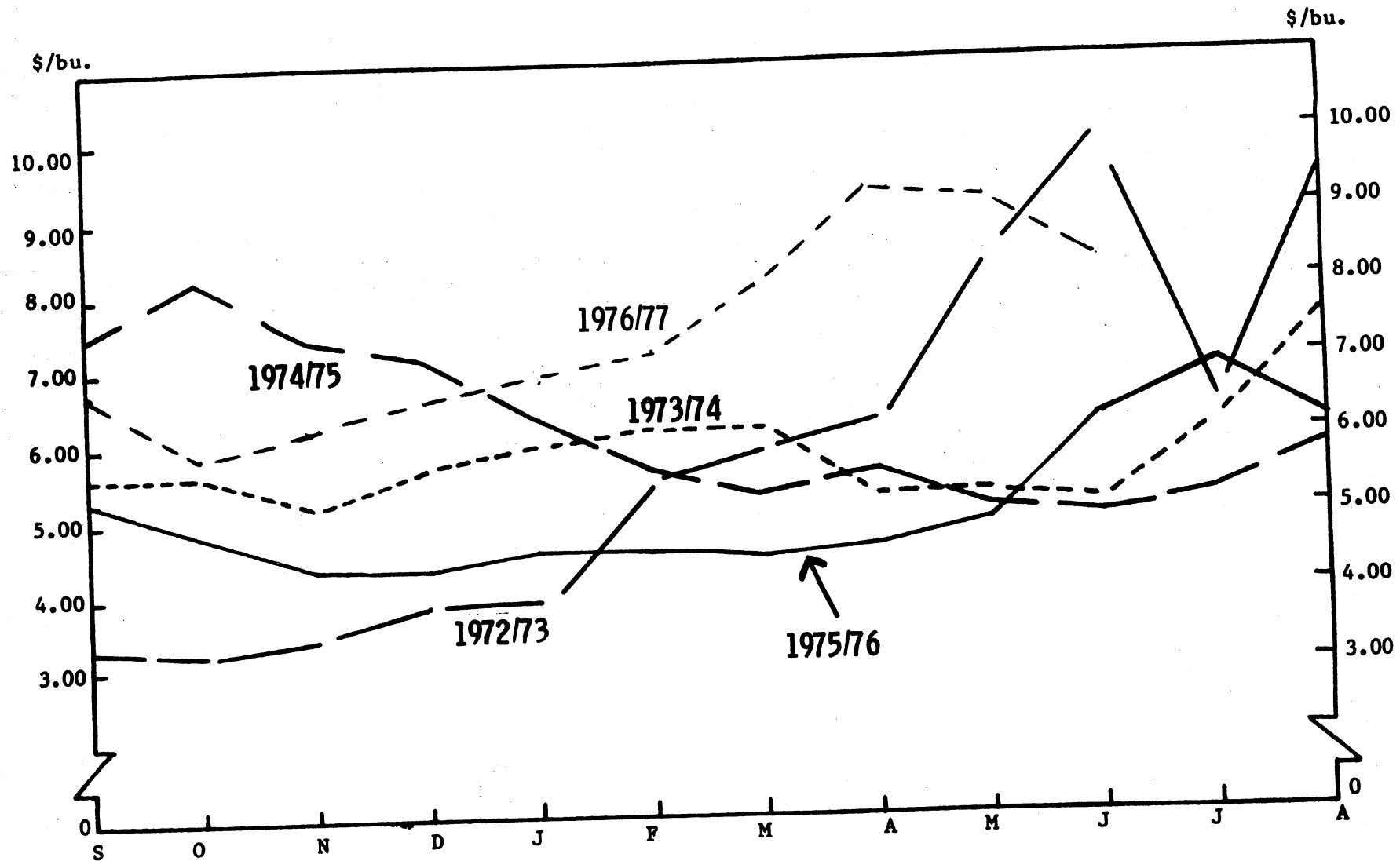
- TDN - Total digestible nutrients

SBM = Soybean meal at 44 percent crude protein

Prices are averages for the year beginning October 1

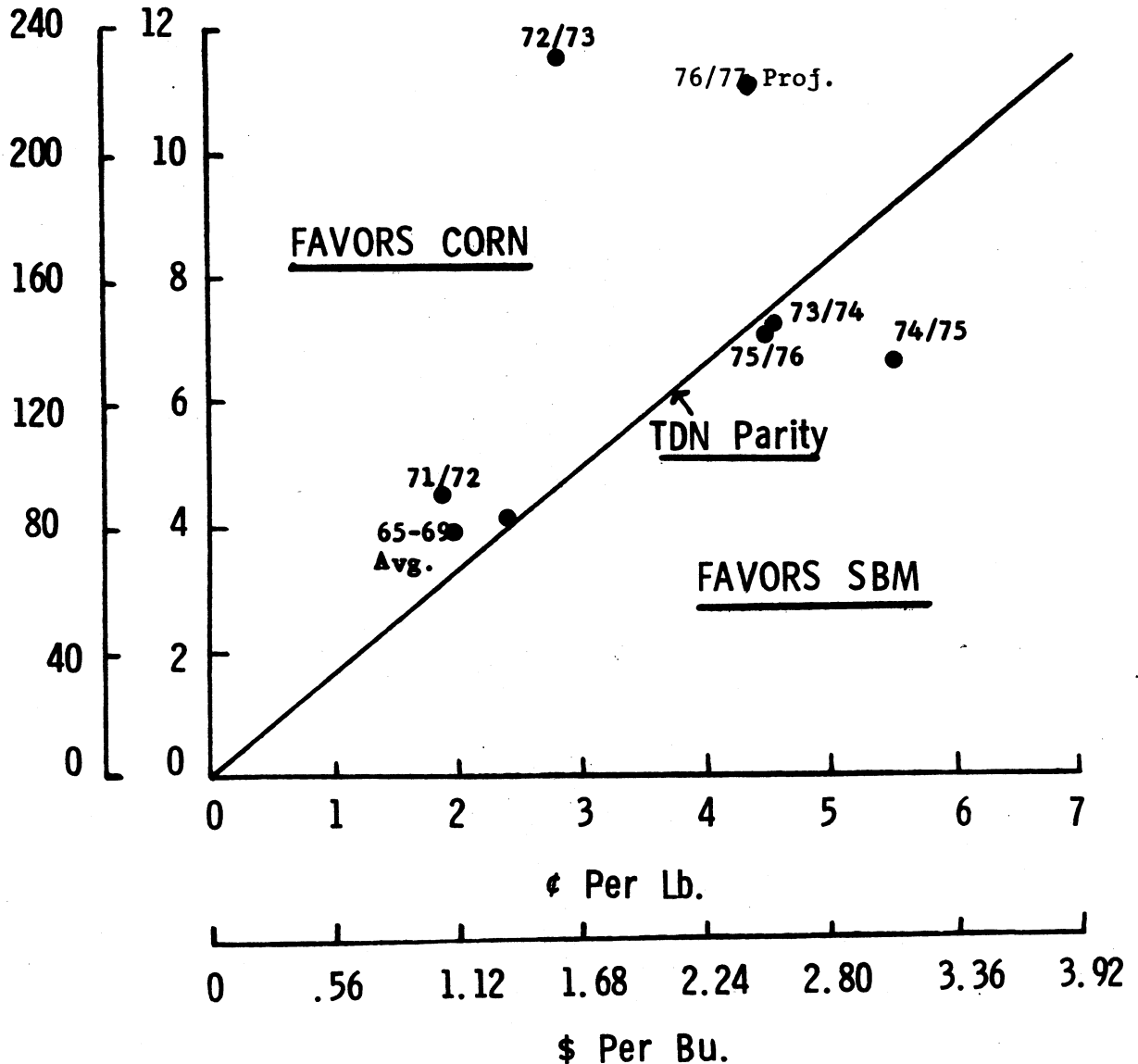
SBM at Decatur and corn U.S. received by farmers

SOYBEANS: OHIO AVERAGE MONTHLY PRICE



CORN AND SBM PRICE COMPARISON WITH TDN PARITY *

SOYBEAN OIL MEAL \$ Per Ton ¢ Per Lb.



CORN

• TDN = Total digestible nutrients

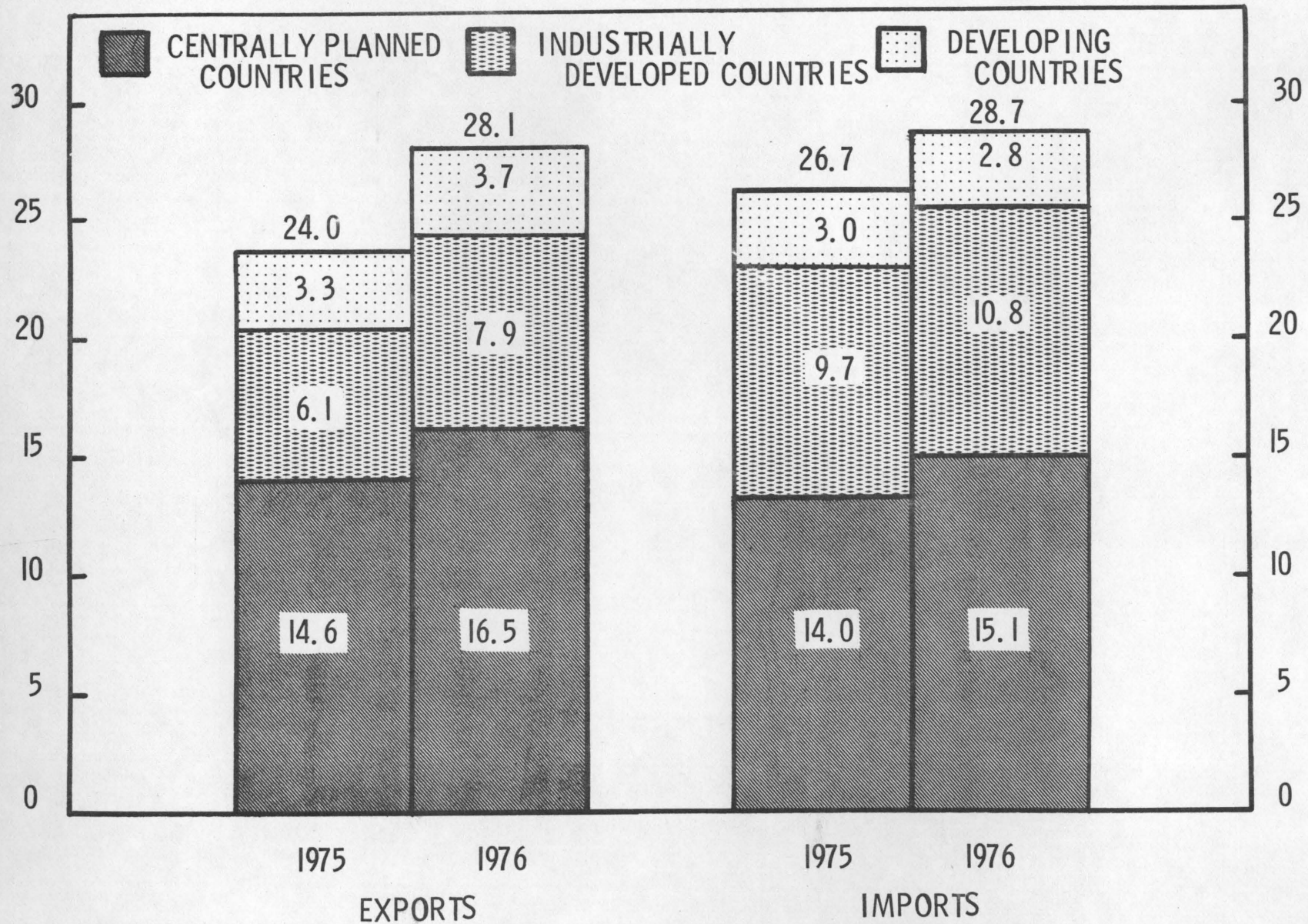
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USSR AGGREGATE TRADE, 1975 & 1976

(IN BILLION RUBLES)



FARM & FOOD POLICY LEGISLATION

THREE PROPOSALS

ADM; SENATE; HOUSE

DURATION

4 - 5 YRS.

P. L. 480

EXTEND LEGISLATION

INCREASE FOOD AID (\$600 to \$750 MIL.)

FOOD STAMPS

EXTEND 2 YRS.

NO PURCHASE REQUIREMENT
TIGHTEN RULES: INCOME & ELIGIBILITY
COST: \$5.7 BIL.

AGR. RESE ARCH, ETC.

ADM.

IMPROVE EFFICIENCY

SENATE

ADVISORY BOARD
0.5 % OF FARM SALES

HOUSE

ADVISORY BOARD
INCREASE FUNDING

FARM LEGISLATION

• PAYMENTS LIMITS

\$27,000 - \$50,000

• ALLOTMENTS

CURRENT YEAR'S PLANTINGS

• "TARGET PRICES"

	ADM		SENATE		HOUSE	
	<u>1977</u>	<u>1978</u>	<u>1977</u>	<u>1978</u>	<u>1977</u>	<u>1978</u>
WHEAT	\$2.47	\$2.90	\$2.90	\$3.10	\$2.65	\$3.00
CORN	1.70	2.00	1.70	2.28	1.85	2.10
SOYBEANS	--	--	--	--	--	--

• "LOAN LEVELS"

WHEAT	2.25	2.25	--	2.47	2.25	2.35
CORN	1.75	2.00	--	2.00	1.75	2.00
SOYBEANS	3.50	4.00	--	4.00	--	SEC'Y DISCRETION

• "MECHANISM TO SET TARGET PRICES"

1978	2 YR. AVE. COST + MGT. + 3.5% TO LAND	85% OF COST OF PRODUCTION	COST OF PROD (EXCLUDE MGT. & LAND)
SUBSEQUENT YEARS	2 YR. AVE. COST (EXCLUDES MGT. & LAND)	ADJUSTED ANNUALLY	

• PROGRAM COST	<u>+</u> \$1.9 BIL.	<u>+</u> \$3.9 BIL.	<u>+</u> \$2.3 BIL.
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- DEFICIENCY PAYMENTS

TARGET - MARKET OR (LOAN) X YIELD X ALLOTMENT

- DISASTER PAYMENTS: PREVENTED PLANTINGS

PLANTED ACREAGE X (.33 OF TARGET) X YIELD
(75% OF NORMAL - ACTUAL)

- SET ASIDE

REQUIRED: TO BE ELIGIBLE FOR PAYMENT
% OF ALLOTMENT (80 or 90%)
CONSERVATION USES

- LAND DIVERSION PROVISION

TO RECEIVE PAYMENT
BY ANNUAL CONTRACTS
A BID SYSTEM
BE GEOGRAPHICALLY DISPERSED

• "GRAIN RESERVES"

FARMER STORED

	<u>SENATE</u>	<u>HOUSE</u>
ELIGIBILITY	FEED GRAIN & WHEAT	FEED GRAIN & WHEAT
PROVISIONS	WHEAT (1977)	FEED GRAIN & WHEAT
AMT., BU.	300 - 700 MIL. BU.	NO LIMITS
SELL, PRICE	140% OF LOAN RATE	--
EARLY SALE	REPAY LOAN; INT. & STORAGE	--
RECALL PRICE	200% OF LOAN RATE	--
LOAN	--	<p>a) EXTEND 1 YR. WITH NO INT.; STORAGE PAY- MENT 1¢/ Bu. / Mo.</p> <p>b) EXTEND 2nd YR. AT SEC'Y CONSENT & +75% PARITY</p>